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Colombia

Market Development Reports

Colombia Limits Rice Imports

2001

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Report Highlights:

Colombia limits rice imports from fellow Andean Community members for the remainder of calendar 2001.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Bogota [CO1], CO

On August 1, 2001, the Colombian Economic Advisory Council announced that it was setting a 18,000-ton limit on rice imports (milled or paddy equivalent) from Andean Community countries (Venezuela, Ecuador, Peru, and Bolivia) for the remainder of calendar 2001. This figure is reportedly the average of rice imports for the second half of the year from that origin over the past three years. This action was prompted by a request from domestic rice producers to the Ministry of Foreign Trade, arguing that limits would be necessary to avoid oversupplies of rice and low prices. The Andean Community agreement contains a safeguard clause that allows members to limit imports when they would cause damage to domestic producers.

Colombian domestic rice prices have been depressed during the May-July period for several reasons: 1) The main rice harvest in the eastern plains is underway and buyers have stopped purchases, since they expect to buy at cheaper prices as the harvest progresses; 2) Thai rice contracted for importation because of the supply shortfall during the first half of calendar 2001 arrived later than expected; and 3) prices for Ecuadorian milled rice have also trended downward from 1,000 pesos per kilogram (US\$430/ton) in May to 800 pesos per kilogram (US\$350/ton) in July 2001. In addition, eastern plains rice millers have been selling their stored rice in order to free up storage capacity. The storage is needed to comply with commitments they made with the Colombian Government (GOC) to purchase the main regional harvest now underway in order to receive import licenses during the first half of the year when rice supplies were short.

Despite this temporary oversupply situation, domestic sources still feel that Colombia will likely have another supply shortfall during the first half of 2002, as was the case in 2001.